GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:84
ANSWERED ON:10.08.2007
VIOLATION OF NORMS BY GAS COMPANIES
Singh Shri Uday

Will the Minister of POWER be pleased to state:

(a) whether National Thermal Power Corporation (NTPC) has decided to take legal steps to enforce its contract with Reliance Industries Limited over the issue of gas supply agreement;

(b) if so, the details thereof;

(c) whether several private sector companies to whom power contracts were given by the Government have now violated the norms;

(d) if so, the facts thereof; and

(e) the action taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) & (b) : Yes, Sir. NTPC invited bids under International Competitive Biding for procurement of natural gas @ 132 Trillion British Thermal Unit (Tbtu) per annum for a period of 17 years. Many leading national and international bidders had participated in the bidding. After the qualification process, the Request for Proposal (RFP) was issued in April 2003 and the techno-commercial bids were opened in Sept. 2003. The final price offer was opened on 14.05.2004 and Reliance Industries Limited (RIL) was evaluated to be the lowest techno- commercially acceptable bidder. A Letter of Intent (LOI) was placed on 16.6.2004 on RIL and the same was acknowledged by them resulting into a binding contract.

Subsequently, RIL sought major changes in the Gas Sale and Purchase Agreement (GSPA) in the form of Limitation of Liability and RIL did not sign the GSPA .Therefore, NTPC filed a suit in the High Court of Mumbai against Reliance Industries Limited (RIL) on 20.12.2005 for specific performance of the contract.

Since December, 2005 onwards the case has come up for hearing in court on various dates and is now fixed for hearing on 29.08.2007.

(c) & (d) : Following power projects developed by Private sector power companies have not been made commercially operational due to non availability/supply of natural gas:

Sl.No. Name of the projects Capacity (MW) Private (Independent) Power Producers

1. Jagrupadu CCPP 220 MW GVK

2. Gautami CCPP 464 MW Gautami Power Ltd.

3. Konaseema CCPP 445 MW Konaseema Power Corporation Ltd.

4. Vemagiri CCPP 370 MW Vemagiri Power Generation Ltd.

Total 1499 MW

(e) : In order to bridge the gap between demand and supply of natural gas, Government of India has adopted a multi-pronged strategy which are as under:

(i) Intensification of domestic exploration and production (E&P) activities;
(ii) Exploitation of unconventional sources like Coal Bed Methane (CBM);
(iii) Underground coal gasification;
(iv) Implementation of Natural Gas Hydrate Programme (NGHP) for evaluation of hydrate resources and their possible commercial exploitation;
(v) Encouraging import of gas in the form of Liquified Natural Gas (LNG); and
(vi) Gas sourcing through transnational gas pipelines.